

## Impartial Analysis for Measure H

The City of Perris owns two municipal water systems. The “Downtown Water System” is located in the City’s Downtown area and provides service to approximately 2,366 connections. The “North Perris Water System” is located in the North Perris area and provides services to approximately 1,357 connections in the Villages of Avalon. (Note: This analysis assumes the transfer of the North Perris Water System from the Perris Public Utilities Authority to the City will occur prior to the election.)

Measure H asks the City’s voters to decide whether to authorize the sale of the City’s water systems to Liberty Utilities (“Liberty”).

Pursuant to the California Public Utilities Code, the City issued a request for proposals soliciting proposals from interested public utilities to purchase the water systems. After conducting a noticed public hearing and evaluating the proposals received, the City Council found that Liberty is the best qualified public utility to continue providing equal or better service to the customers of the systems. Liberty proposes to purchase the systems for \$11,500,000. The City Council selected Liberty as the proposed buyer and placed Measure H on the ballot at the Special Municipal Election to be held on November 7, 2017.

As reported in the written and oral staff reports at the public hearing, the water systems are currently in debt and have experienced annual operating deficits. The General Fund pays for these deficits, which means there is less money in the General Fund for public services benefiting all City residents. If Measure H does not pass, the City will retain the water systems and the annual deficits are expected to continue, adding to the debt and requiring further General Fund contributions.

Liberty provides water service to 12 incorporated cities in California and to unincorporated areas in San Bernardino and Los Angeles Counties. The California Public Utilities Commission (“CPUC”) regulates Liberty, and the water rates charged by Liberty must be approved by the CPUC. The proposed purchase agreement will limit annual water rate increases for 10 years. Annual increases are limited to annual increases in Eastern Municipal Water District rates or 3.3%, whichever is higher, with some exceptions for water supply changes or catastrophic events.

A YES vote means the City can move forward with an agreement to sell the water systems to Liberty. If the sale is completed the City will receive approximately \$11,500,000. As stated in the ballot measure, these funds will be used to retire debt related to the water systems and then for park amenities, including athletic fields.

A NO vote means the City cannot move forward with an agreement. The City would retain ownership of the water systems, including the responsibility to fund operating costs and future capital improvements, maintenance and repairs.

If a majority of voters voting in the election vote YES, Measure H will pass.

Residents who are not customers of the Downtown Water System or North Perris Water System receive water service from Eastern Municipal Water District (“EMWD”). That will not change if Measure H passes.

The above statement is an impartial analysis of Measure H. If you desire a copy of the resolutions or the measure, please call the Perris City Clerk’s office at (951) 956-2925 and copies will be mailed at no cost to you.

Perris City Attorney